

SOLUTIONS MANUAL



Human Resource Management



R. WAYNE MONDY



CHAPTER 1

STRATEGIC HUMAN RESOURCE MANAGEMENT: AN OVERVIEW

CHAPTER DESCRIPTION

In the first part of this chapter, employer branding is discussed. Next, human resource management and the human resource management functions are described. Then the dynamic human resource management environment is presented. Next, the changing role of HR and the development of the human resource manager into a strategic partner with upper management are addressed. Implementation of a strategic HR audit is then discussed. Measuring quality of hire in today's environment and measuring strategic HR effectiveness through the use of HR capital metrics is then described and human resource designations are discussed. The evolution of HRM and the evolving HR organization are described, and a description of the scope of this book is provided. The chapter concludes with a global perspective entitled "Cultural Differences in Global HR."

KEY TERMS

Branding: Firm's corporate image or culture.

Human resource management: Utilization of individuals to achieve organizational objectives.

Staffing: Process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives.

Human resource development: Major HRM function consisting not only of training and development but also of individual career planning and development activities, organization development, and performance management and appraisal.

External environment: Factors outside an organization's boundaries that affect a firm's human resources make-up.

Union: Comprised of employees who have joined together for the purpose of dealing with their employer.

Shareholders: Owners of a corporation.

Cyberwork: Possibility of a never-ending workday.

Human resource managers: Individuals who normally act in an advisory (or staff) capacity when working with other (line) managers regarding human resource matters.

Outsourcing: Process of hiring an external provider to do the work that was previously done internally.

Shared service center: A center that takes routine, transaction-based activities dispersed throughout the organization and consolidates them in one place.

Professional employer organization: Company that leases employees to other businesses.

Line managers: Individuals directly involved in accomplishing the primary purpose of the organization.

Human capital metrics: Measures of HR performance.

Executive: Top-level manager who reports directly to a corporation's chief executive officer or to the head of a major division.

Generalist: Person who may be an executive and performs tasks in a variety of HR-

related areas.

Specialist: Individual who may be a HR executive, a human resource manager, or a nonmanager, and who is typically concerned with only one of the five functional areas of human resource management.

Country's culture: Set of values, symbols, beliefs, languages, and norms that guide human behavior within the country.

LECTURE OUTLINE

NOT HR BRANDING, EMPLOYER BRANDING

Branding refers to the firm's corporate image or culture. Today, branding has become a major recruitment strategy. With employer branding, it is not just HR that is involved; it is the business of everyone in the company to work to establish the chosen brand.

HUMAN RESOURCE MANAGEMENT

Utilization of individuals to achieve organizational objectives.

HUMAN RESOURCE MANAGEMENT FUNCTIONS

Five functional areas are associated with effective human resource management: staffing, human resource development, compensation, safety and health, and employee and labor relations.

MEASURING QUALITY OF HIRE IN TODAY'S ENVIRONMENT

How do you measure quality of hire? The answer is it depends on the system, the company, and the implementation.

STAFFING—Process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives.

Job analysis: Systematic process of determining the skills, duties, and knowledge required for performing specific jobs in an organization.

Human resource planning: Systematic process of matching the internal and external supply of people with job openings anticipated in the organization over a specified period of time.

Recruitment: Process of attracting qualified individuals and encouraging them to apply for work within the organization.

Selection: Process through which the organization chooses, from a group of applicants, those individuals best suited both for open positions and the company.

HUMAN RESOURCE DEVELOPMENT—Major HRM function consisting not only of training and development but also of career planning and development activities, organization development, and performance management and appraisal.

Training: Activities designed to provide learners with the knowledge and skills needed for their present jobs.

Development: Process that involves learning that goes beyond today's job; it has a more long-term focus.

Career planning: Ongoing process whereby an individual sets career goals and identifies the means to achieve them.

Career development: Formal approach used by the organization to ensure that people with the proper qualifications and experiences are available when needed.

Organization development: Planned and systematic attempts to change the organization, typically to a more behavioral environment.

Performance management: Goal-oriented process that is directed toward ensuring that organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization.

Performance appraisal: Formal system of review and evaluation of individual or team task performance.

COMPENSATION—All rewards that individuals receive as a result of their employment.

Direct Financial Compensation: Pay that a person receives in the form of wages, salaries, bonuses, and commissions.

Indirect Financial Compensation (Benefits): All financial rewards that are not included in direct compensation such as paid vacations, sick leave, holidays, and medical insurance.

Nonfinancial Compensation: Satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works.

SAFETY AND HEALTH—Employees who work in a safe environment and enjoy good health are more likely to be productive and yield long-term benefits to the organization.

Safety: Activities involved in protecting employees from injuries caused by work-related accidents.

Health: Activities involved in securing an employee's freedom from illness and their general physical and mental well-being.

EMPLOYEE AND LABOR RELATIONS—The number of workers belonging to a union rose by 311,000 to 15.7 million in 2007. The union

membership rate for public sector workers (35.9 percent) was substantially higher than for private industry workers (7.5 percent). A business firm is required by law to recognize a union and bargain with it in good faith if the firm's employees want the union to represent them.

HUMAN RESOURCE RESEARCH—Pervades all HRM functional areas and the researcher's laboratory is the entire work environment.

INTERRELATIONSHIPS OF HRM FUNCTIONS—All HRM functional areas are highly interrelated.

DYNAMIC HUMAN RESOURCE MANAGEMENT ENVIRONMENT

Many interrelated factors affect the five HRM functions. Factors outside an organization's boundaries that affect a firm's human resources make up the *external environment*.

LEGAL CONSIDERATIONS—Federal, state, and local legislation, and the many court decisions interpreting this legislation, in addition to, many presidential executive orders have had a major impact on human resource management.

LABOR MARKET—Potential employees located within the geographic area from which employees are normally recruited.

SOCIETY—Society may also exert pressure on human resource management.

Ethics: Discipline dealing with what is good and bad, or right and wrong, or with moral duty and obligation.

Corporate social responsibility: Implied, enforced, or felt obligation of managers, acting in their official capacity, to serve or protect the interests of groups other than themselves.

UNIONS—Employees who have joined together for the purpose of dealing collectively with their employer. Treated as an environmental factor because they become a third party when dealing with the company.

SHAREHOLDERS—Owners of a corporation. Because shareholders have invested money in a firm, they may at times challenge programs considered by management to be beneficial to the organization.

COMPETITION—Firms may face intense competition in both their product or service and labor markets.

CUSTOMERS—People who actually use a firm's goods and services. Management has the task of ensuring that its employment practices do not antagonize the members of the market it serves.

TECHNOLOGY—The world has never before seen the rapid rate of technological change that is occurring today. The development of HR technology has created new roles for HR professionals but also places additional pressures on them to keep abreast of the technology.

ECONOMY—As a generalization, when the economy is booming, it is often more difficult to recruit qualified workers.

UNANTICIPATED EVENTS—Many of the human resource functions require modification when unanticipated events occur.

HR'S CHANGING STRATEGIC ROLE: WHO PERFORMS HUMAN RESOURCE MANAGEMENT TASKS?

The person or units who perform human resource management tasks has changed dramatically in recent years.

HUMAN RESOURCE MANAGER—Individuals who normally act in an advisory (or staff) capacity when working with other (line) managers regarding human resource matters. Today, many HR departments continue to get smaller because others are now accomplishing certain functions.

HR OUTSOURCING—Process of hiring an external provider to do the work that was previously done internally. The market for human resource outsourcing is growing dramatically.

HR SHARED SERVICE CENTERS—Take routine, transaction-based activities that are dispersed throughout the organization and consolidate them in one place.

PROFESSIONAL EMPLOYER ORGANIZATION (EMPLOYEE LEASING)—Company that leases employees to other businesses. When a decision is made to use a PEO, the company releases its employees who are then hired by the PEO.

LINE MANAGERS—Individuals directly involved in accomplishing the primary purpose of the organization. As the traditional work of HR managers diminishes, line managers are stepping up and performing some duties typically done by human resource professionals.

HR AS A STRATEGIC PARTNER

HR professionals must assume a strategic role when it comes to the management of human resources. Tasks that CEOs want from HR include: make workforce strategies integral to company strategies and goals, leverage HR's role in major change initiatives such as strategic planning, mergers and acquisitions, systems implementation, and reorganizing/downsizing.

A STRATEGIC HR AUDIT

If HR professionals are to achieve the level of respect they desire, they must also be subjected to the audit process.

HUMAN CAPITAL METRICS: MEASURING HR'S EFFECTIVENESS

Measures of HR performance.

HUMAN RESOURCE DESIGNATIONS

EXECUTIVE—Top-level manager who reports directly to a corporation's chief executive officer or to the head of a major division.

GENERALIST—Person who may be an executive and performs tasks in a variety of HR-related areas.

SPECIALIST—Individual who may be a HR executive, a human resource manager, or a nonmanager, and who is typically concerned with only one of the five functional areas of human resource management.

EVOLUTION OF HUMAN RESOURCE MANAGEMENT

Today, the person or persons who perform HR tasks is certainly different than it was even a decade ago. As more and more companies use alternative means to accomplish HR tasks, the role of the traditional HR manager is diminishing. HR must now enter into the business of strategic HR, focus more on the bottom line of the organization and leave the more administrative tasks to technology or to others.

EVOLVING HR ORGANIZATIONS

Line managers, HR outsourcing, HR shared service centers, and professional employer organizations are now handling many more of the traditional HR tasks.

CULTURAL DIFFERENCES IN GLOBAL HR

Cultural differences are often the biggest barrier to doing business in the world market. A country's culture is the set of values, symbols, beliefs, languages, and norms that guide human behavior within the country. It is a learned behavior that develops as individuals grow from childhood to adulthood. Companies operating in the global environment recognize that national cultures differ and that such differences cannot be ignored.

ANSWERS TO CHAPTER 1 REVIEW QUESTIONS

1. *Define human resource management. What human resource management functions must be performed regardless of the organization's size?*

Human resource management is the utilization of a firm's human resources to achieve organizational objectives.

- * **Staffing:** Process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives.
 - * **Human resource development:** Major HRM function consisting not only of training and development but also of career planning and development activities, organization development, and performance management and appraisal.
 - * **Compensation:** Compensation includes all rewards individuals receive as a result of their employment. The reward may be one or a combination of the following:
 - * **Direct financial compensation:** Pay that a person receives in the form of wages, salaries, commissions, and bonuses.
 - * **Indirect financial compensation (Benefits):** All financial rewards that are not included in direct compensation such as paid vacations, sick leave, holidays, and medical insurance.
 - * **Nonfinancial compensation:** Satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works.
 - * **Safety and health:** Safety involves protecting employees from injuries due to work-related accidents. Health refers to the employees' freedom from illness, and their general physical and mental well-being.
 - * **Employee and labor relations:** Even with the projected decline in union membership, a business firm is required by law to recognize a union, and bargain with it in good faith, if the firm's employees want the union to represent them.
2. *What are the external environmental factors that affect human resource management? Describe each.*
- * **Legal considerations:** Another significant external force affecting human resource management relates to federal, state, and local legislation, and the many court decisions interpreting this legislation. In addition, many presidential executive orders have had a major impact on human resource management.

- * **Labor market:** Potential employees located within the geographic area from which employees are normally recruited.
 - * **Society:** Society may also exert pressure on human resource management. If a firm is to remain acceptable to the general public, it must be capable of accomplishing its purpose in line with societal norms.
 - * **Unions:** Group of employees who have joined together for the purpose of dealing collectively with their employer.
 - * **Shareholders:** Owners of a corporation. Because shareholders have invested money in a firm, they may at times challenge programs considered by management to be beneficial to the organization.
 - * **Competition:** For a firm to succeed, grow, and prosper, it must be able to maintain a supply of competent employees. Other organizations are also striving toward that objective.
 - * **Customers:** Because sales are critical to the firm's survival, management has the task of ensuring that its employment practices do not antagonize members of the market it serves.
 - * **Technology:** As technological changes occur, certain skills are no longer required. This necessitates some retraining of the current workforce. The trend toward a service economy also affects the type and amount of technology needed.
 - * **Economy:** The economy of the nation—on the whole—and of its various segments is a major environmental factor affecting human resource management. As a generalization, when the economy is booming, it is often more difficult to recruit qualified workers. On the other hand, when a downturn is experienced, more applicants are typically available.
 - * **Unanticipated events:** Occurrences in the external environment that could not be foreseen.
3. *This chapter describes HR's changing role in business. Describe each component that is involved in human resource management.*
- * **Human resource manager:** Individuals who normally act in an advisory (or staff) capacity when working with other (line) managers regarding human resource matters.
 - * **HR outsourcing:** Process of hiring an external provider to do the work that was previously done internally.
 - * **HR shared service centers:** Centers that take routine, transaction-based activities dispersed throughout the organization and consolidate them in one place.

- * **Professional employer organizations:** Company that leases employees to other businesses.
 - * **Line managers:** Individuals directly involved in accomplishing the primary purpose of the organization. As the traditional work of HR managers diminishes, line managers are stepping up and performing some duties often done by human resources.
4. *How should HR act as a strategic partner?*

The HR professional must now integrate the goals of HR to the goals of the organization. Obviously, HR must continue to expand its focus on expanding its strategic and high-level corporate participation with an emphasis on value. In doing so, HR must demonstrate that they can produce a return on investment for its programs.

5. *What are human capital metrics?*

Measures of HR performance.

6. *What are the various designations associated with human resource management?*

- * **Executive:** Top-level manager who reports directly to a corporation's chief executive officer or to the head of a major division.
- * **Generalist:** Person who may be an executive and performs tasks in a variety of HR-related areas.
- * **Specialist:** Individual who may be a HR executive, a human resource manager, or a nonmanager, and who is typically concerned with only one of the five functional areas of human resource management.

DISCUSSION OF TEXT HRM INCIDENTS

HRM Incident 1: HR after a Disaster

After Hurricane Rita struck Lake Charles, in southwest Louisiana, on September 24, 2005, many businesses wondered if they would ever return to their former selves. Massive destruction was everywhere. Lake Charles, known for its large and beautiful oak and pine trees, now had the job of removing those downed trees from homes, businesses, and lots. You could see for miles through what used to be thick forests. Huge trucks designed for removing massive tree trunks were everywhere. While driving down a street, downed trees could be seen stacked two stories high waiting to be picked up. The town grew rapidly in size because of the large number of debris and repair crews working on recovery operations. The noise created by chain saws could be heard from daylight until dark. The sounds of hammers were everywhere as homeowners scrambled to get their roofs repaired. Often repair crews would just find an empty lot and set up tents for the night because all motels were full. Traffic was unbelievably slow, and it appeared as if everyone was attempting to get on the road at the same time. Just driving from Point A to Point B could often be quite an adventure. As might be expected in conditions such as these, accidents were numerous. Often police did not have the resources to ticket every fender bender so unless there were injuries, insurance cards were exchanged and the police went on to the next accident.

Months after Hurricane Rita struck, large and small businesses were still frantically trying to find workers so they could start up again. It appeared that every business in the town had a "Help Wanted" sign out front. Individuals who wanted a job could get one and could command a premium salary. Wal-Mart, known for remaining open 24 hours a day, could only stay open on an abbreviated schedule. It even bussed in employees from Lafayette, Louisiana, 70 miles away, each morning and returned them at night because there were not enough workers available in the local area. Restaurants that normally remained open late into the evening closed at 6 p.m., if they opened at all. Compensation scales that were in use prior to the hurricanes had to be thrown out and new plans implemented. Minimum-wage jobs were nonexistent. Employees who earned minimum wage before the storm could now command \$10 per hour just for being a flagger (a person who directs traffic). Fast-food restaurants that normally paid \$6 per hour now paid \$9 or \$10. Burger King was even offering a \$1,500 bonus for entry-level workers. Upscale restaurants that normally paid minimum wage plus tips now paid premium rate plus tips. Restaurants that remained open often had a much younger staff and it was evident that the managers and assistant managers were working overtime to train these new workers. Restaurant patrons had to learn patience because there would be mistakes by these eager, but largely untrained group of workers.

QUESTIONS

1. *How were the human resource functions affected by Hurricane Rita?*

Virtually every area of HR was affected when Hurricane Rita struck. Businesses were desperately trying to staff their business. Compensation systems had to be significantly altered. There were many untrained workers so the training function continued. Safety issues were everywhere and just getting from point A to Point B was often a challenge.

2. *Do you believe that the HR situation described regarding Hurricane Rita would be typical in a disaster? Explain.*

Certainly there can be some degree of planning for a disaster. But it is likely that all events cannot be anticipated. At times, managers just have to react to occurrences and hope that the proper decision is being made.

HRM Incident 2: Downsizing

As the largest employer in Ouachita County, Arkansas, International Forest Products Company (IFP) is an important part of the local economy. Ouachita County is a mostly rural area in south central Arkansas. It employs almost 10 percent of the local workforce, and few alternative job opportunities are available in the area.

Scott Wheeler, the human resource director at IFP, tells of a difficult decision he once had to make. According to Scott, everything was going along pretty well despite the economic recession, but he knew that sooner or later the company would be affected. "I got the word at a private meeting with the president, Janet Deason, that we would have to cut the workforce by 30 percent on a crash basis. I was to get back to her within a week with a suggested plan. I knew that my plan would not be the final one, since the move was so major, but I knew that Ms. Deason was depending on me to provide at least a workable approach.

"First, I thought about how the union would react. Certainly, workers would have to be let go in order of seniority. The union would try to protect as many jobs as possible. I also knew that all of management's actions during this period would be intensely scrutinized. We had to make sure that we had our act together.

"Then there was the impact on the surrounding community to consider. The economy of Ouachita County had not been in good shape recently. Aside from the influence on the individual workers who were laid off, I knew that our cutbacks would further depress the area's economy. I knew that there would be a number of government officials and civic leaders who would want to know how we were trying to minimize the harm done to the public in the area.

"We really had no choice but to make the cuts, I believed. First of all, I had no choice because Ms. Deason said we were going to do it. Also, I had recently read a news account that one of our competitors, Johns Manville Corporation in West Monroe, Louisiana, had laid off several hundred workers in a cost-cutting move. To keep our sales from being further depressed, we had to ensure that our costs were just as low as those of our competitors. The wood products market is very competitive and a cost advantage of even 2 or 3 percent would allow competitors to take many of our customers.

"Finally, a major reason for the cutbacks was to protect the interests of our shareholders. A few years ago a shareholder group disrupted our annual meeting to insist that IFP make certain antipollution changes. In general, though, the shareholders

seem to be more concerned with the return on their investments than with social responsibility. At our meeting, the president reminded me that, just like every other manager in the company, I should place the shareholders' interests above all else. I really was quite overwhelmed as I began to work up a personnel plan that would balance all of these conflicting interests."

QUESTIONS

1. *List the elements in the company's environment that will affect Scott's suggested plan. How legitimate is the interest of each of these?*

All of the elements are legitimate, of course. The local government has a right to consideration, not only because it represents the public, but because it can also affect the company's future. The union must represent the employees but also has a right to try to sustain itself as an institution. The surrounding community is already in difficult straits and will be hurt by layoffs. Competitors have no legitimate claim for consideration, except to the extent that their price-cutting activities tend to force cost-cutting moves at International Forest Products. The shareholders' interests have traditionally been considered to be the primary concern of management.

2. *Is it true that Scott should be concerned first and foremost with protecting the interests of the shareholders? Discuss.*

Scott has been told that this should be his foremost concern, and he probably has no real choice but to comply. Still, the trend in management is to recognize a variety of interests as legitimate, so Scott is certainly justified in attempting to balance the conflicting interests rather than considering only the shareholders.

DAILY QUIZ FOR CHAPTER 1

1. What are individuals called who normally act in an advisory or staff capacity when working with other managers regarding human resource matters?
 - A. line managers
 - B. operant employers
 - C. senior managers
 - D. human resource managers

2. What is the systematic process of matching the internal and external supply of people with job openings anticipated in the organization over a specified period of time called?
 - A. human resource planning
 - B. recruitment
 - C. selection
 - D. human resource scrutiny

3. What is the process through which the organization chooses, from a group of applicants, those individuals best suited both for the open position and for the company called?
 - A. human resource development
 - B. selection
 - C. recruitment
 - D. human resource planning

4. What is the process of taking routine, transaction-based activities that are dispersed throughout the organization and consolidating them in one place called?
 - A. outsourcing centers
 - B. shared service centers
 - C. consolidation centers
 - D. human resource centers

5. How is compensation, as described in your text, defined?
 - A. the total of all rewards provided to employees in return for their services
 - B. the wages individuals receive each pay period
 - C. wage schedules and wage rates listed in the union contract
 - D. the internal alignment of intrinsic rewards

6. Union representation is estimated to be what percentage of the private workforce in 2007?
 - A. 25 percent
 - B. 33 percent
 - C. 7.5 percent
 - D. 10 percent

7. The planned and systematic attempts to change the organization, typically to a more behavioral environment, is called:
 - A. T&D.
 - B. organization development.
 - C. training.
 - D. performance appraisal.

8. What type of work does a human resource generalist perform?
 - A. highly specialized in nature
 - B. wide variety of human resource-related activities
 - C. one of the five functional areas of human resource management
 - D. very repetitive

9. What is the discipline dealing with what is good and bad, or right and wrong or with moral duty and obligation called?
 - A. social responsibility
 - B. legal responsibility
 - C. ethics
 - D. social contract

10. What is the utilization of the firm's human resources to achieve organizational objectives called?
 - A. human resource management
 - B. human resource manager
 - C. organizing
 - D. planning

ANSWERS TO CHAPTER 1 DAILY QUIZ

1. D
2. A
3. B
4. B
5. A
6. C
7. B
8. B
9. C
10. A

